



CHAIRMAN'S STATEMENT



“Animalcare has made good progress in 2018 and early 2019 as we focus on creating a competitive platform for future growth. We look forward to 2019 and beyond with confidence”

Jan Boone
Non Executive Chairman



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Animalcare continued to make steady progress in 2018 as we focus on creating a competitive platform for future growth in the international animal health sector. Group revenues from continuing operations were up 16.3% to £72.5m from £62.3m with underlying EBITDA increasing by 21.7% to £11.8m (2017: £9.7m). On a proforma basis, which is used by the Board for comparison of financial performance, as set out in the unaudited income statement on page 23, revenue and underlying EBITDA growth versus 2017 was 2.7% and 2.8% respectively. After underlying adjustments totalling £9.4m, the loss before tax for the year on a reported basis was £0.4m (2017: £0.4m profit).

Sales growth was affected towards the end of the year by supply challenges related to third-party manufacturers, some of which impacted the wider market. We also experienced some delays to new product launches and lower demand in the large animal portfolio, particularly for antibiotics which was reflective of an overall market decline in demand.

Strategically, we decided to dispose of the Wholesale Division in order to focus resources on the higher-margin veterinary pharmaceuticals business. We also continued to focus on integration, supply chain efficiency and optimising portfolios and product launches across our expanded network.

The Board is confident of the long-term prospects of the animal health market and is actively preparing the business to make the most of the opportunities. Our key competitive advantages include a significant presence across Europe, with products sold in 32 markets directly and through partners. We also benefit from specialisation in key therapeutic areas for the companion animal and equine markets, and believe we can capitalise on a growing reputation as a chosen partner for non-European companies and researchers wanting to commercialise innovative products in Europe.

In order to maximise the potential of the business, the Board appointed Jenny Winter as CEO in October 2018. Jenny has an excellent track record in the pharmaceutical industry, most recently with AstraZeneca, with particular expertise in supply chain effectiveness, which we believe is fundamental to improving our overall performance. We are grateful to Chris Cardon for his contribution as CEO and for taking on the role of Chief Strategy Officer.

Jenny has initiated a full review and identified a clear path for Animalcare as a business focused around core therapy areas and higher margin products with the vet as our primary customer. We are also setting out financial goals, including growing faster than the markets in which we operate and improving cash generation to enable us to invest in future growth and innovation.

Further details of the new strategy are set out in the Chief Executive Officer's Review and are linked to our Key Performance Indicators.

I would like to thank our employees for their support and dedication during 2018. We look forward to 2019 and beyond with confidence. We believe Animalcare is excellently placed to leverage its geographic, structural and therapeutic strengths, and has the opportunity to become a significant and recognised brand across Europe, with global potential for innovative products through best-in-class partnerships.

We look forward to keeping you updated on our progress during the year.

Jan Boone
Non-Executive Chairman